

Adopted	Rejected
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COMMITTEE REPORT

YES:	8
NO:	1

MR. SPEAKER:

*Your Committee on Insurance, to which was referred Senate Bill 253, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Page 5, after line 4, begin a new paragraph and insert:
- 2 "SECTION 2. IC 27-8-5-2 IS AMENDED TO READ AS
- 3 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) No individual
- 4 policy of accident and sickness insurance shall be delivered or issued
- 5 for delivery to any person in this state unless it complies with each of
- 6 the following:
- 7 (1) The entire money and other considerations for the policy are
- 8 expressed in the policy.
- 9 (2) The time at which the insurance takes effect and terminates is
- 10 expressed in the policy.
- 11 (3) The policy purports to insure only one (1) person, except that
- 12 a policy may insure, originally or by subsequent amendment,
- 13 upon the application of any member of a family who shall be
- 14 deemed the policyholder and who is at least eighteen (18) years
- 15 of age, any two (2) or more eligible members of that family,

1 including husband, wife, dependent children or any children under
2 a specified age, which shall not exceed nineteen (19) years, and
3 any other person dependent upon the policyholder.

4 (4) The style, arrangement, and overall appearance of the policy
5 give no undue prominence to any portion of the text, and unless
6 every printed portion of the text of the policy and of any
7 endorsements or attached papers is plainly printed in lightface
8 type of a style in general use, the size of which shall be uniform
9 and not less than ten point with a lower-case unspaced alphabet
10 length not less than one hundred and twenty point (the "text" shall
11 include all printed matter except the name and address of the
12 insurer, name or title of the policy, the brief description if any, and
13 captions and subcaptions).

14 (5) The exceptions and reductions of indemnity are set forth in the
15 policy and, except those which are set forth in section 3 of this
16 chapter, are printed, at the insurer's option, either included with
17 the benefit provision to which they apply, or under an appropriate
18 caption such as "EXCEPTIONS", or "EXCEPTIONS AND
19 REDUCTIONS", provided that if an exception or reduction
20 specifically applies only to a particular benefit of the policy, a
21 statement of such exception or reduction shall be included with
22 the benefit provision to which it applies.

23 (6) Each such form of the policy, including riders and
24 endorsements, shall be identified by a form number in the lower
25 left-hand corner of the first page of the policy.

26 (7) The policy contains no provision purporting to make any
27 portion of the charter, rules, constitution, or bylaws of the insurer
28 a part of the policy unless such portion is set forth in full in the
29 policy, except in the case of the incorporation of or reference to a
30 statement of rates or classification of risks, or short-rate table filed
31 with the commissioner.

32 (8) If an individual accident and sickness insurance policy or
33 hospital service plan contract or medical service plan contract
34 provides that hospital or medical expense coverage of a dependent
35 child terminates upon attainment of the limiting age for dependent
36 children specified in such policy or contract, the policy or contract
37 must also provide that attainment of such limiting age does not
38 operate to terminate the hospital and medical coverage of such

child while the child is and continues to be both:

(A) incapable of self-sustaining employment by reason of mental retardation or mental or physical disability; and

(B) chiefly dependent upon the policyholder for support and maintenance.

Proof of such incapacity and dependency must be furnished to the insurer by the policyholder within thirty-one (31) days of the child's attainment of the limiting age. The insurer may require at reasonable intervals during the two (2) years following the child's attainment of the limiting age subsequent proof of the child's disability and dependency. After such two (2) year period, the insurer may require subsequent proof not more than once each year. The foregoing provision shall not require an insurer to insure a dependent who is a mentally retarded or mentally or physically disabled child where such dependent does not satisfy the conditions of the policy provisions as may be stated in the policy or contract required for coverage thereunder to take effect. In any such case the terms of the policy or contract shall apply with regard to the coverage or exclusion from coverage of such dependent.

This subsection applies only to policies or contracts delivered or issued for delivery in this state more than one hundred twenty (120) days after August 18, 1969.

(b) If any policy is issued by an insurer domiciled in this state for delivery to a person residing in another state, and if the official having responsibility for the administration of the insurance laws of such other state shall have advised the commissioner that any such policy is not subject to approval or disapproval by such official, the commissioner may by ruling require that such policy meet the standards set forth in subsection (a) and in section 3 of this chapter.

(c) An insurer may issue a policy described in this section in electronic or paper form.

SECTION 3. IC 27-8-5-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 19. (a) As used in this chapter, "late enrollee" has the meaning set forth in 26 U.S.C. 9801(b)(3).

(b) A policy of group accident and sickness insurance may not be issued to a group that has a legal situs in Indiana unless it contains in substance:

(1) the provisions described in subsection (c); or

1 (2) provisions that, in the opinion of the commissioner, are:

2 (A) more favorable to the persons insured; or

3 (B) at least as favorable to the persons insured and more
4 favorable to the policyholder;

5 than the provisions set forth in subsection (c).

6 (c) The provisions referred to in subsection (b)(1) are as follows:

7 (1) A provision that the policyholder is entitled to a grace period
8 of thirty-one (31) days for the payment of any premium due
9 except the first, during which grace period the policy will continue
10 in force, unless the policyholder has given the insurer written
11 notice of discontinuance in advance of the date of discontinuance
12 and in accordance with the terms of the policy. The policy may
13 provide that the policyholder is liable to the insurer for the
14 payment of a pro rata premium for the time the policy was in force
15 during the grace period. A provision under this subdivision may
16 provide that the insurer is not obligated to pay claims incurred
17 during the grace period until the premium due is received.

18 (2) A provision that the validity of the policy may not be
19 contested, except for nonpayment of premiums, after the policy
20 has been in force for two (2) years after its date of issue, and that
21 no statement made by a person covered under the policy relating
22 to the person's insurability may be used in contesting the validity
23 of the insurance with respect to which the statement was made,
24 unless:

25 (A) the insurance has not been in force for a period of two (2)
26 years or longer during the person's lifetime; or

27 (B) the statement is contained in a written instrument signed by
28 the insured person.

29 However, a provision under this subdivision may not preclude the
30 assertion at any time of defenses based upon a person's
31 ineligibility for coverage under the policy or based upon other
32 provisions in the policy.

33 (3) A provision that a copy of the application, if there is one, of
34 the policyholder must be attached to the policy when issued, that
35 all statements made by the policyholder or by the persons insured
36 are to be deemed representations and not warranties, and that no
37 statement made by any person insured may be used in any contest
38 unless a copy of the instrument containing the statement is or has

1 been furnished to the insured person or, in the event of death or
2 incapacity of the insured person, to the insured person's
3 beneficiary or personal representative.

4 (4) A provision setting forth the conditions, if any, under which
5 the insurer reserves the right to require a person eligible for
6 insurance to furnish evidence of individual insurability
7 satisfactory to the insurer as a condition to part or all of the
8 person's coverage.

9 (5) A provision specifying any additional exclusions or limitations
10 applicable under the policy with respect to a disease or physical
11 condition of a person that existed before the effective date of the
12 person's coverage under the policy and that is not otherwise
13 excluded from the person's coverage by name or specific
14 description effective on the date of the person's loss. An exclusion
15 or limitation that must be specified in a provision under this
16 subdivision:

17 (A) may apply only to a disease or physical condition for
18 which medical advice, diagnosis, care, or treatment was
19 received by the person or recommended to the person during
20 the six (6) months before the enrollment date of the person's
21 coverage; and

22 (B) may not apply to a loss incurred or disability beginning
23 after the earlier of:

24 (i) the end of a continuous period of twelve (12) months
25 beginning on or after the enrollment date of the person's
26 coverage; or

27 (ii) the end of a continuous period of eighteen (18) months
28 beginning on the enrollment date of the person's coverage if
29 the person is a late enrollee.

30 This subdivision applies only to group policies of accident and
31 sickness insurance other than those described in section 2.5(a)(1)
32 through 2.5(a)(8) of this chapter.

33 (6) A provision specifying any additional exclusions or limitations
34 applicable under the policy with respect to a disease or physical
35 condition of a person that existed before the effective date of the
36 person's coverage under the policy. An exclusion or limitation that
37 must be specified in a provision under this subdivision:

38 (A) may apply only to a disease or physical condition for

1 which medical advice or treatment was received by the person
 2 during a period of three hundred sixty-five (365) days before
 3 the effective date of the person's coverage; and

4 (B) may not apply to a loss incurred or disability beginning
 5 after the earlier of the following:

6 (i) The end of a continuous period of three hundred
 7 sixty-five (365) days, beginning on or after the effective date
 8 of the person's coverage, during which the person did not
 9 receive medical advice or treatment in connection with the
 10 disease or physical condition.

11 (ii) The end of the two (2) year period beginning on the
 12 effective date of the person's coverage.

13 This subdivision applies only to group policies of accident and
 14 sickness insurance described in section 2.5(a)(1) through 2.5(a)(8)
 15 of this chapter.

16 (7) If premiums or benefits under the policy vary according to a
 17 person's age, a provision specifying an equitable adjustment of:

18 (A) premiums;

19 (B) benefits; or

20 (C) both premiums and benefits;

21 to be made if the age of a covered person has been misstated. A
 22 provision under this subdivision must contain a clear statement of
 23 the method of adjustment to be used.

24 (8) A provision that the insurer will issue to the policyholder, for
 25 delivery to each person insured, a certificate, **in electronic or**
 26 **paper form**, setting forth a statement that:

27 (A) explains the insurance protection to which the person
 28 insured is entitled;

29 (B) indicates to whom the insurance benefits are payable; and

30 (C) explains any family member's or dependent's coverage
 31 under the policy.

32 (9) A provision stating that written notice of a claim must be given
 33 to the insurer within twenty (20) days after the occurrence or
 34 commencement of any loss covered by the policy, but that a
 35 failure to give notice within the twenty (20) day period does not
 36 invalidate or reduce any claim if it can be shown that it was not
 37 reasonably possible to give notice within that period and that
 38 notice was given as soon as was reasonably possible.

- 1 (10) A provision stating that:
- 2 (A) the insurer will furnish to the person making a claim, or to
- 3 the policyholder for delivery to the person making a claim,
- 4 forms usually furnished by the insurer for filing proof of loss;
- 5 and
- 6 (B) if the forms are not furnished within fifteen (15) days after
- 7 the insurer received notice of a claim, the person making the
- 8 claim will be deemed to have complied with the requirements
- 9 of the policy as to proof of loss upon submitting, within the
- 10 time fixed in the policy for filing proof of loss, written proof
- 11 covering the occurrence, character, and extent of the loss for
- 12 which the claim is made.
- 13 (11) A provision stating that:
- 14 (A) in the case of a claim for loss of time for disability, written
- 15 proof of the loss must be furnished to the insurer within ninety
- 16 (90) days after the commencement of the period for which the
- 17 insurer is liable, and that subsequent written proofs of the
- 18 continuance of the disability must be furnished to the insurer
- 19 at reasonable intervals as may be required by the insurer;
- 20 (B) in the case of a claim for any other loss, written proof of
- 21 the loss must be furnished to the insurer within ninety (90)
- 22 days after the date of the loss; and
- 23 (C) the failure to furnish proof within the time required under
- 24 clause (A) or (B) does not invalidate or reduce any claim if it
- 25 was not reasonably possible to furnish proof within that time,
- 26 and if proof is furnished as soon as reasonably possible but
- 27 (except in case of the absence of legal capacity of the claimant)
- 28 no later than one (1) year from the time proof is otherwise
- 29 required under the policy.
- 30 (12) A provision that:
- 31 (A) all benefits payable under the policy (other than benefits
- 32 for loss of time) will be paid in accordance with IC 27-8-5.7;
- 33 and
- 34 (B) subject to due proof of loss, all accrued benefits under the
- 35 policy for loss of time will be paid not less frequently than
- 36 monthly during the continuance of the period for which the
- 37 insurer is liable, and any balance remaining unpaid at the
- 38 termination of the period for which the insurer is liable will be

- 1 paid as soon as possible after receipt of the proof of loss.
- 2 (13) A provision that benefits for loss of life of the person insured
- 3 are payable to the beneficiary designated by the person insured.
- 4 However, if the policy contains conditions pertaining to family
- 5 status, the beneficiary may be the family member specified by the
- 6 policy terms. In either case, payment of benefits for loss of life is
- 7 subject to the provisions of the policy if no designated or specified
- 8 beneficiary is living at the death of the person insured. All other
- 9 benefits of the policy are payable to the person insured. The
- 10 policy may also provide that if any benefit is payable to the estate
- 11 of a person or to a person who is a minor or otherwise not
- 12 competent to give a valid release, the insurer may pay the benefit,
- 13 up to an amount of five thousand dollars (\$5,000), to any relative
- 14 by blood or connection by marriage of the person who is deemed
- 15 by the insurer to be equitably entitled to the benefit.
- 16 (14) A provision that the insurer has the right and must be allowed
- 17 the opportunity to:
- 18 (A) examine the person of the individual for whom a claim is
- 19 made under the policy when and as often as the insurer
- 20 reasonably requires during the pendency of the claim; and
- 21 (B) conduct an autopsy in case of death if it is not prohibited
- 22 by law.
- 23 (15) A provision that no action at law or in equity may be brought
- 24 to recover on the policy less than sixty (60) days after proof of
- 25 loss is filed in accordance with the requirements of the policy and
- 26 that no action may be brought at all more than three (3) years after
- 27 the expiration of the time within which proof of loss is required by
- 28 the policy.
- 29 (16) In the case of a policy insuring debtors, a provision that the
- 30 insurer will furnish to the policyholder, for delivery to each debtor
- 31 insured under the policy, a certificate of insurance describing the
- 32 coverage and specifying that the benefits payable will first be
- 33 applied to reduce or extinguish the indebtedness.
- 34 (17) If the policy provides that hospital or medical expense
- 35 coverage of a dependent child of a group member terminates upon
- 36 the child's attainment of the limiting age for dependent children
- 37 set forth in the policy, a provision that the child's attainment of the
- 38 limiting age does not terminate the hospital and medical coverage

1 of the child while the child is:

2 (A) incapable of self-sustaining employment because of mental
3 retardation or mental or physical disability; and

4 (B) chiefly dependent upon the group member for support and
5 maintenance.

6 A provision under this subdivision may require that proof of the
7 child's incapacity and dependency be furnished to the insurer by
8 the group member within one hundred twenty (120) days of the
9 child's attainment of the limiting age and, subsequently, at
10 reasonable intervals during the two (2) years following the child's
11 attainment of the limiting age. The policy may not require proof
12 more than once per year in the time more than two (2) years after
13 the child's attainment of the limiting age. This subdivision does
14 not require an insurer to provide coverage to a mentally retarded
15 or mentally or physically disabled child who does not satisfy the
16 requirements of the group policy as to evidence of insurability or
17 other requirements for coverage under the policy to take effect. In
18 any case, the terms of the policy apply with regard to the coverage
19 or exclusion from coverage of the child.

20 (18) A provision that complies with the group portability and
21 guaranteed renewability provisions of the federal Health Insurance
22 Portability and Accountability Act of 1996 (P.L.104-191).

23 (d) Subsection (c)(5), (c)(8), and (c)(13) do not apply to policies
24 insuring the lives of debtors. The standard provisions required under
25 section 3(a) of this chapter for individual accident and sickness
26 insurance policies do not apply to group accident and sickness
27 insurance policies.

28 (e) If any policy provision required under subsection (c) is in whole
29 or in part inapplicable to or inconsistent with the coverage provided by
30 an insurer under a particular form of policy, the insurer, with the
31 approval of the commissioner, shall delete the provision from the policy
32 or modify the provision in such a manner as to make it consistent with
33 the coverage provided by the policy.

34 **(f) An insurer that issues a policy described in this section shall**
35 **include in the insurer's enrollment materials information**
36 **concerning the manner in which an individual insured under the**
37 **policy may obtain a certificate described in subsection (c)(8).**

38 SECTION 4. IC 27-8-5.5-2 IS AMENDED TO READ AS

FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) The commissioner shall prescribe by rule, after consultation with providers of health care or treatment, accident and sickness insurers, hospital, medical, and dental service corporations and other prepayment organizations, such accident and sickness insurance claim forms as the commissioner determines will provide for uniformity and simplicity in insurance reporting. The forms shall include, but need not be limited to, information regarding the medical diagnosis, treatment and prognosis of the patient, together with the details of charges incident to the providing of care, treatment or services, sufficient for the purpose of meeting the proof requirements of an accident or sickness insurance policy or a hospital, medical, or dental service contract.

(b) An accident and sickness insurer may not refuse to accept a claim submitted on duly promulgated uniform claim forms. However, an insurer may accept claims submitted on any other form.

(c) Accident and sickness insurer explanation of benefits paid statements or claims summary statements sent to an insured by the accident and sickness insurer **may be sent in electronic or paper form and** shall be in a format and written in a manner that promotes understanding by the insured by setting forth:

- (1) the total dollar amount submitted to the insurer for payment;
- (2) any reduction in the amount paid due to the application of any co-payment or deductible, along with an explanation of the amount of the co-payment or deductible applied under the insured's policy;
- (3) any reduction in the amount paid due to the application of any other policy limitation or exclusion as set forth in the insured's policy along with an explanation thereof;
- (4) the total dollar amount paid; and
- (5) the total dollar amount remaining unpaid.

In addition, the explanation shall clearly set forth a toll free number that the insured may call to obtain additional information about any of the items contained in the explanation of benefits paid or claims summary statement.

(d) The commissioner may issue an order under IC 27-1-3-19(a) directing an accident and sickness insurer to comply with subsection (c).

(e) An accident and sickness insurer does not violate subsection (c)

1 by using a document that the accident and sickness insurer has been
2 required to use by the federal government or the state.

3 SECTION 5. IC 27-8-11-7 IS ADDED TO THE INDIANA CODE
4 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
5 JULY 1, 2005]: **Sec. 7. An insurer may provide to an insured in
6 electronic or paper form a directory of providers with which the
7 insurer has entered into an agreement under section 3 of this
8 chapter.**

9 SECTION 6. IC 27-13-7-5 IS AMENDED TO READ AS
10 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. **(a)** A subscriber
11 under a group contract must receive an evidence of coverage from:

- 12 (1) the group contract holder; or
- 13 (2) the health maintenance organization.

14 **(b) A group contract holder or health maintenance organization
15 may provide the evidence of coverage required under subsection (a)
16 in electronic or paper form.**

17 **(c) A health maintenance organization shall include in the health
18 maintenance organization's enrollment materials information
19 concerning the manner in which a subscriber may obtain an
20 evidence of coverage.**

21 SECTION 7. IC 27-13-9-1 IS AMENDED TO READ AS
22 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. Upon:

- 23 (1) the enrollment; and
- 24 (2) each reenrollment;

25 of a subscriber, a health maintenance organization must provide to the
26 subscriber **in electronic or paper form** a list of providers who provide
27 health care services through the health maintenance organization. The
28 health maintenance organization must also provide the list of providers
29 **in electronic or paper form** to a potential enrollee upon request.

30 SECTION 8. IC 27-13-34-13 IS AMENDED TO READ AS
31 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 13. (a) Every
32 subscriber of a limited service health maintenance organization shall be
33 issued an evidence of coverage **in electronic or paper form**, which
34 must contain a clear and complete statement of the following:

- 35 (1) The limited health services to which each enrollee is entitled.
- 36 (2) Any limitation of the services, kinds of services, or benefits to
37 be provided.
- 38 (3) Any exclusions, including any copayment or other charges.

- 1 (4) Where and in what manner information is available as to where
- 2 and how services may be obtained.
- 3 (5) The method for resolving complaints.
- 4 (b) Any amendment to the evidence of coverage may be provided to
- 5 the subscriber in a separate document **in electronic or paper form.**
- 6 **(c) A limited service health maintenance organization shall**
- 7 **include in the limited service health maintenance organization's**
- 8 **enrollment materials information concerning the manner in which**
- 9 **a subscriber may obtain an evidence of coverage."**
- 10 Renumber all SECTIONS consecutively.
- (Reference is to SB 253 as printed February 25, 2005.)

and when so amended that said bill do pass.

Representative Ripley